

With Our Employees

■ Employment and Human Rights

Fiscal 2011 Topics

- We launched the full-scale “diversity” initiative.

Basic Philosophy

Acknowledging that employees are the most important management resources, we respect the diversity and individuality of our employees, aiming to cultivate a wide variety of human resources. We also place an emphasis on offering a desirable working environment in which individual employees are encouraged to make full use of their capabilities and potential.

VOICE

Things are changing rapidly inside and outside our organization. As we see people’s new sense of values, drastic market movements and emerging countries, it is certain that society faces drastic changes ever experienced.

We, at the Human Resources Department, work on the reform of our personnel system, with the goal of empowering our organization to gain the following strengths: ① the ability to cope with changes and survive difficulties, by developing diverse human resources with a can-do spirit and the ambition to create new business, products, technologies and markets, and ② a Group-wide personnel tracking system, allowing the company to identify excellent employees in domestic and overseas units so as to provide them with the right position and chance to use their talent and aspirations effectively.

We need and develop those people who have a discerning eye to distinguish “assets” from “wastes” for our organization, who never simply resign themselves to the present situation, who make strenuous efforts to cope with drastic changes and have an aspiration to realize an innovation.

Masakazu Mori
General Manager, Human Resources Dept.



Human Resource Policy

We acknowledge that employees are the most important management resources. In the light of this, we respect the diversity and individuality of our employees and cultivate abundant human resources, striving to promote the further development of our Group as a whole.

Action Guidelines

- Respecting the rights of our employees, we eliminate discrimination and harassments in employment, and avoid the use of forced labor or child labor.
- We secure and foster human resources who help pass down our quality products principle to the following generations. To this end, we provide learning opportunities and other programs to support the career development of our employees.
- We establish a personnel evaluation system to ensure that people with different qualities can fully realize their own capabilities.

Labor-Management Relations

Labor-management relations should be oriented to the combined employer-employee effort to contribute to society through the provision of good products and services. At NGK Spark Plug, both labor and management understand their respective responsibilities and strive to improve the work environment through mutual trust and cooperation.

■ Labor-Management Conferences

Labor-management conferences are held on a regular basis, providing interactive communication opportunities. During a conference, information exchanges are made and diverse issues are discussed, including topics of management issues and working-hours reform.

■ Reduction in Working Hours

We have a “no overtime day” once a week. On this day, labor union members and management representatives patrol all workshops to get all employees to leave at the designated time.



No overtime day

■ Anti-Harassment Measures

Labor and management are working together to prevent any harassment and to protect the human rights of all employees. The Work Rules of NGK SPARK PLUG CO., LTD. explicitly prohibit all sorts of behaviors that constitute harassment, and we have an anti-harassment committee responsible for the prevention of such behaviors. Also, all plants have an advisor designated jointly by labor and management to receive employees’ assertions or reports of harassment.

■ Greeting Campaign

We have been continuing the “greeting campaign,” encouraging employees to say, with a smile, “good morning” at the start of each day and “good bye” when leaving after work. Once a month, representatives of the labor union and the management stand at the entrance in the morning and after work, to exchange greetings with employees.



Greeting campaign

With Our Employees

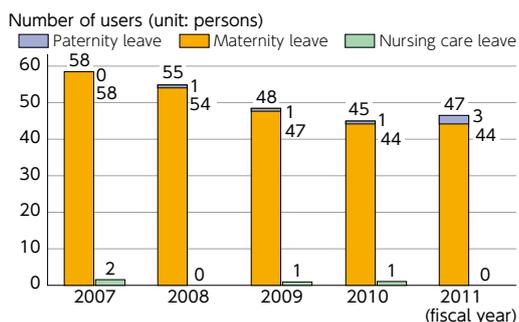
Promoting Diversity

We promote diversity of our organization, as we believe that the idea of diversity and inclusion is essential for companies to attain sound growth and ensure happiness of all employees. Here, diversity means an employee-friendly workplace accepting diverse people (where all people regardless of their gender, age, disability, nationality, etc. enjoy working) and also means diverse values and ideas that move the company forward.

Work-Life balance

Our employee demography shows that the number of those on maternity/paternity leave has been constant at around 50 persons in recent years. In our company, many female workers return to work after leave. Our Paternity/Maternity Plus program, which was newly established in 2010, is helping to gradually increase the number of male users of our childcare leave system. We believe that employees' increased time with their family members will eventually help improve the quality of their work life.

Number of employees using the leave schemes

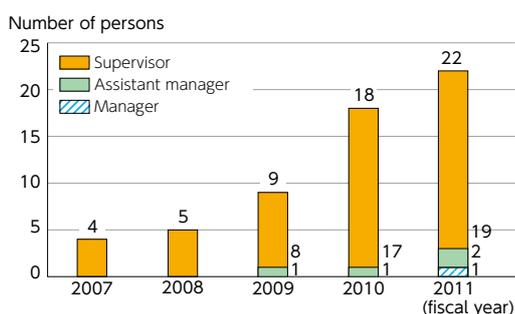


Empowerment of female workers

The ratio of female workers to the entire number of full-time employees is only 15%, partly due to the characteristics of our industry, but their average length of employment is as long as 13.2 years, which means that we have a favorable work environment for women including wives and mothers.

As of today, a total of 36 female workers have used our repositioning system (to transfer from general clerical positions to the managerial track) that was introduced in 1999, and the ratio of women to the entire number of employees on the managerial track has risen to about 10%. Accordingly, the number of female managers is gradually increasing from year to year. We continue to work hard to promote empowerment of female workers in our organization.

Number of female workers in a managerial post by fiscal year



VOICE

I've got twins, and decided to take a 6-month paternity leave. Both my wife and I are unable to receive help from our parents because they live in distant places, so I made my decision to take paternity leave quickly and without hesitation.

This opportunity to spend long, deep hours with my kids and doing housework has enabled me to think a lot about my work and family respectively. Also, the experience of full-time childrearing, allowing me to see closely every moment of growth of my babies - once-in-a-lifetime moments - was so precious and of great joy to me, and I am glad that I took this opportunity.



Koichiro Shimogami
Supervisor
Engineering Dept.
Organic Package Div.

Voices from paternity leave system users (Results of a questionnaire survey)

We conducted a questionnaire survey on 7 male employees who took childcare leave.

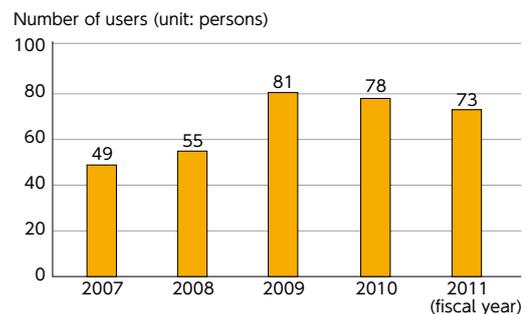
- All of the seven respondents say that they are satisfied with their decision to use the system.
- They recognize positive effects on their work, including improvements in their way of using time.
- Many say that more publicity should be given - the outline of the system as well as its relevance to wage and bonus should be explained more sufficiently.
- Six out of the seven belong to the same department that the first male user of this system belongs to.
- The length of leave varies widely, ranging from 20 days to 6 months.

Post-retirement reemployment

In 2001, we introduced a post-retirement reemployment system, with the aim of taking advantage of long-accumulated knowledge and expertise of retired employees and also satisfying their desire to stay at work.

Employment of the elderly population is an important issue for our society, as the national pension system has been reformed, deferring the starting age of recipients, and the demographic shift into aging society is quite rapid. We work hard to seek more possibilities for elderly workers, and intend to design various new reemployment systems that take into consideration aptitude, motivation and abilities of respective elderly people, so as to find mutually beneficial solutions for the employer and senior employees.

Number of retirees reemployed under the system

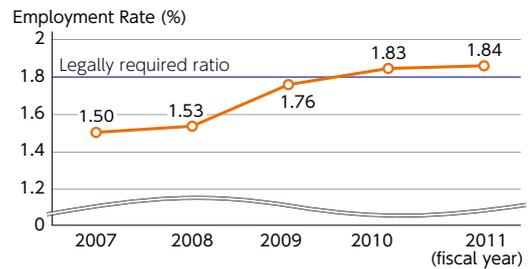


With Our Employees

■ Employment of the disabled

As a result of our efforts to promote the employment of people with disabilities, the ratio of disabled persons to the entire number of employees at our organization has reached 1.84% during FY2011, exceeding the legally required percentage. Placement of these disabled employees is conducted with sufficient care and attention to safety aspects, and we make efforts to provide them with a comfortable work environment. We continue to promote the employment of people with disabilities.

■ Percentage of Disabled Employees



Human Resources Development

We aim at the development of those who can communicate the company's traditional attitude of emphasizing quality-oriented principle to younger employees, and also those who have the ability to cope with changes inside and outside the organization and follow through reforms. To this end, we implement diverse education and training programs systematically, based on our corporate Human Resources Development Concept, with the aim of ensuring continuous capacity building of employees.

■ Education/training programs

Our education and training activities consist mainly of OJT (on the job training) opportunities, through which employees are trained to acquire skills and knowledge in their normal working situation. We also have OFF-JT (off the job training) programs, providing employees with learning opportunities outside their respective workplaces.

We have a total of 153 OFF-JT programs, that include "quality education," "environment/safety education," "education on the role of each track; global human resources education" and "career improvement support". During FY2011, a total of 4,951 employees participated in these OFF-JT programs.

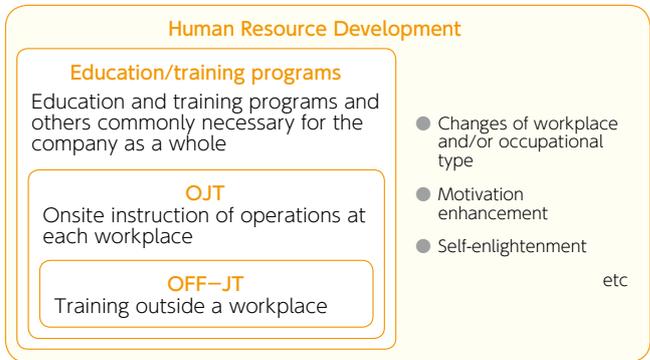
Human Resources Development Concept

Fostering employees who, as a member of the corporate family, observe our corporate rules and independently take actions with a self-reliance spirit.

We seek:

- Persons who are full of curiosity and actively take on challenges
- Persons who flexibly adapt themselves to changes in circumstances, showing a positive attitude
- Persons who logically think from the other person's perspective and sincerely take necessary actions

■ Human Resource Development



Human Capital Development
Human Resources Dept.



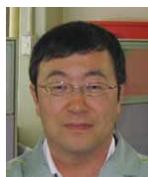
Orientation for new employees

■ Ability Training System Diagram (OFF-JT)



VOICE

I participated in the training program for business leader candidates, in which I learned management strategies, marketing, finance and other practical knowledge in diverse fields. This seminar gave me the opportunity to not only acquire knowledge but also reflect on myself. Also, exchanges of opinions with other participants during the seminar contributed a lot to my aspirations, and I'm quite satisfied with the seminar.



Hiroyuki Maeda
General Manager, Sensor Engineering Dept.II
Sensor Div.

With Our Employees

Occupational Safety and Health

Fiscal 2011 Topics

- Frequency rate of all occupational accidents turned out best in the past 10 years.
- We enhanced safety awareness activities by increasing hands-on safety training and introducing measures to ensure employees' compliance.

Basic philosophy

Occupational safety and health is the most familiar theme for employees in their daily duties. It is the most important theme for enterprises as well in their efforts to provide a working environment in which employees are encouraged to do their best in operations. We are well aware that offering a secure and safe workplace is our important corporate responsibility.

To this end, we established our occupational safety and health management system in 2006, aiming to realize "zero accidents" and secure safety at all workplaces. We will continue strengthening our safety and health management activities at a companywide level, aiming to establish a corporate culture of "safety first."

Occupational Safety and Health Basic Policy

We strive for occupational safety and health as the starting point of business activities on the basis of respect for human life and dignity.

Action Guidelines

- Observe laws and self-standards relating to occupational safety and health.
- Reduce risks and elimination of work-related accidents through sustainable improvement in occupational safety and health management system and performance.
- Prevent health hazards and promote the physical and mental health of employees.
- Publicize this policy among all the employees, promote consciousness through training and enlightenm, and expand toward the overall participation in labor safety and health activities.

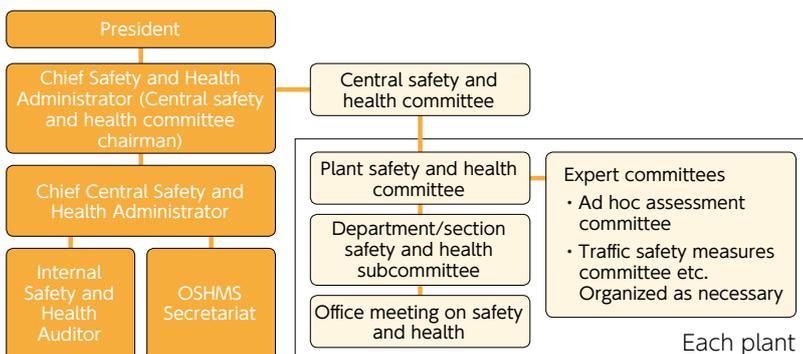
OSHMS

With the aim of eliminating on-the-job accidents and creating a comfortable, safe work environment, we have established an in-house occupational safety and health management system (OSHMS). We are accredited as complying with JISHA OSHMS Standards.

Each plant and office set safety goals and safety plans in accordance with our OSHMS guidelines, aiming to conduct OSHM activities based on a "total involvement" principle. To attain a step-

by-step improvement of our safety status, the progress and results of such OSHM efforts are verified by our internal safety and health auditors as well as the plant safety and health committee and the central safety and health committee.

Safety and Health Promotion Organization



*Each plant refers to Headquarters and Nagoya Plant, Komaki Plant, Miyanojo Plant, Ise Plant



Internal Auditor Training

With Our Employees

Target and Results

During fiscal 2011, we implemented the test introduction of a new risk assessment system to a model production line (in the Spark Plug Division at the Komaki Plant), which resulted in the successful establishment of a method to identify hazards through comprehensive and objective assessment. Also, we increased the number of plants that introduced hands-on safety training with accident simulations, by which we promote employees' behavioral accident prevention efforts.

In fiscal 2012, our new risk assessment system will be extensively introduced throughout the company. Also, in response to our previous year's failure to achieve certain goals, we will introduce the following measures: "the placement of soundproof shields to reduce noises" for "improvement of work environment" and "the revision of a patrol check sheet" for "enforcement of patrols for behavior relating to safety and health." In addition, we will enhance our education activities to raise the level of employees' commitment

to workplace safety and health management, through the improvement of both hard power and soft power.

VOICE

We have reformed our risk assessment system. Before the reform, we were viewing things subjectively to detect hazards, but now, we are able to take an objective view to identify hazards. Also, we have learned that we could improve the ability to detect hazards through the effort to inspect facilities and operations respectively and simultaneously.



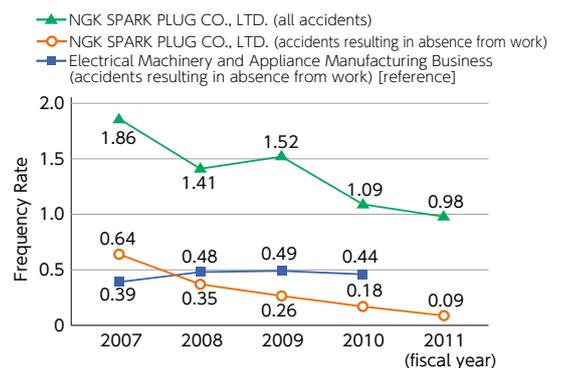
Junichi Tanabe
Manager
Environment & Safety Management Dept.

	Fiscal 2011			Fiscal 2012
	Target	Results	Evaluation	Target
1. Elimination of work-related accident	Essential safety of machinery and facilities, and promotion of self-management of them	The safety confirmation of machines and equipment in designing was enhanced. The voluntary management of them was enhanced.	○	Promotion of efforts to secure the safety and integrity of machines and equipment and ensure employees' autonomous attitude toward the maintenance of machines and equipment.
	Intensive sampling of the present risks and an exhaustive publication of remaining risks	All existing risk sources have been identified at respective workplaces.	○	—
	Promotion of new risk assessment	An educational method to promote understanding of the new risk assessment system was established.	○	Promotion of new risk assessment.
	Completion of rules of operation methods and thorough compliance to the rules	Internal audits have found no problems in our compliance status.	○	Completion of rules of operation methods and thorough compliance to the rules
2. Improvement of work environment	Improvement of work environments in harmful workplaces	Work environments in the second management category and the third management category for noise have not improved.	×	Improvement of work environments
3. Promotion of health	Improved health management awareness	A lifestyle improvement program was conducted on applicable employees, and exhibitions promoting health improvements were held.	○	Utilization of results of periodical health examinations to ensure employees' autonomous health management and their receipt of necessary instructions and consultation.
		Guidance on mental health was conducted by our corporate doctors. A mental health questionnaire survey among employees was also conducted.	○	Promotion of employees' autonomous efforts to maintain their mental health while empowering managers to fulfill their responsibility to supervise health conditions of their subordinates.
4. Enhanced of education, training and enlightenment	Enrichment of training for safety and health in workplaces	Opportunities for hands-on safety training with accident simulations, as well as the number of participants in the training were increased.	○	Enrichment of education and training for safety and health in workplaces
	Enforcement of patrols for behavior relating to safety and health	Mutual reminder activities were insufficient.	×	Enforcement of patrols for behavior relating to safety and health.
	Promotion of measures for safety, sanitation, and health in daily life	Hazard prediction training was actively conducted at respective workplaces.	○	Promotion of measures for safety, sanitation, and health in daily life

1. Elimination of work-related accident

During fiscal 2011, we registered the decade's lowest "frequency rate of occupational accidents" again, for the second year in a row. We believe that this achievement can be attributed to our enhanced efforts to introduce enhanced measures to identify and address potential dangers – especially for non-regular operations – and to increase education activities including consistent instructions given to employees to ensure their compliance with common operational rules throughout the organization. We see a mitigating tendency in our on-the-job accidents – today, the majority are minor-injury accidents (with no need for absence from work). The number of accidents occurring during commute to and from work is also declining, and this is also attributable to our introduction of traffic safety education.

Frequency Rate of Accidents



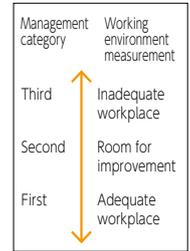
With Our Employees

2. Improvement of work environment

Targeting workplaces subject to significant dust pollution or severe noises, we conduct working environment measurement in accordance with the Industrial Safety and Health Act. Plants/operational sites that have been classified under the second or third management category are especially encouraged to take effective solutions to be classified in the first management category. We also take preventive measures against heat stroke incidents in summer by measuring WBGT, encouraging adequate intakes of water and salt, providing cooling items and the like, holding

seminars on countermeasures against heatstroke, and installing drinks vending machines.

Regarding an office work environment, we measure the level of lighting and CO₂ concentration to ensure the work environment is constantly favorable. In winter, we install humidifying devices in the office to help prevent the spread of flu viruses.



3. Promotion of health

We have a slogan – “Bring your best physical and mental condition to your workplace and maintain it until leaving.” Self-discipline is a key to the maintenance of one’s condition, and we promote employees’ autonomous health management efforts.

Health checkups

At our health checkups, employees can undergo additional tests other than general examination items by law. For employees with abnormal findings in the health checkups, our industrial physicians, clinic doctors and health management staff provide with follow-up care such as reexamination, close examination, medical treatment and others. We also promote our publicity activities to raise the level of our employees’ health consciousness and improve their attitude toward autonomous health management.



Health Care Promotion staff

Mental health care

We aim to educate our employees to increase their awareness of “line care (the practice that superiors pay attention to the mental health of their subordinates)” and “self-care (the practice to understand one’s own mental stress and cope with it)” through training programs conducted in and outside our company. We also

actively use a check sheet in the Self-care Handbook to encourage employees to increase their awareness of the importance of “self-care.” In addition, with the cooperation of our industrial physicians and clinic doctors, we conduct a questionnaire survey to ensure early detection of employees’ mental health problems. As part of our efforts to promote employees’ good mental health, we have also established a hotline outside our organization so that employees suffering any undesirable mental condition can make a call and receive consultation from a specialist.

Efforts by NGK SPARK PLUG Health Insurance Society

Working together with the company and the labor union, the health insurance society provides a wide variety of programs to support member workers’ mental and physical good health. Specifically, health management and disease prevention efforts conducted by the health insurance society include: metabolic syndrome improvement/prevention programs; subsidies for medical examinations; support programs for quitting smoking; subsidies for flu vaccination; and other health management promotion programs such as walking tours and bus hiking.

The health insurance society also operates three clinics at our domestic plants, as well as a resort facility for member employees in the Gokasho Bay area located in Minami-Ise, Mie Prefecture.

4. Enhancement of Education and Enlightenment Programs

As part of our daily activities to promote workplace safety and health management, we conduct occupational safety and health patrols, encourage information sharing about KYT and Hiyari Hatto incidents, and encourage employees to meet and read out texts together of the Handbook for Safety and Health Management. Our internal auditors review these activities. Regarding problems identified at occupational safety and health patrols or at workplace meetings, they are reported to relevant local safety and health committees, to be discussed among committee members to find a solution.

In response to the recent increased number of on-the-job accidents caused by young employees, we introduced, to the fiscal 2010 training programs for new employees, hands-on safety training utilizing a machine for virtual experience of occupational accidents. In fiscal 2011, we increased these practical training opportunities to cover not only our plants but also workplaces of our affiliates.



Employees read our Safety Handbook.



Hands-on safety training for affiliated companies



Hands-on safety training at our Miyanojo Plant

VOICE

I was shocked when my arm was pulled strongly – much more strongly than expected – by a machine during the training with accident simulations. I feel horrified when I think such an accident could actually happen. Despite installation of various foolproof systems that could protect us, I think the most important thing which I learned from the training is to have an attentive attitude.



Toshiro Shimoda
Manager

Production Dept., Miyanojo Plant, Spark Plug Div.